



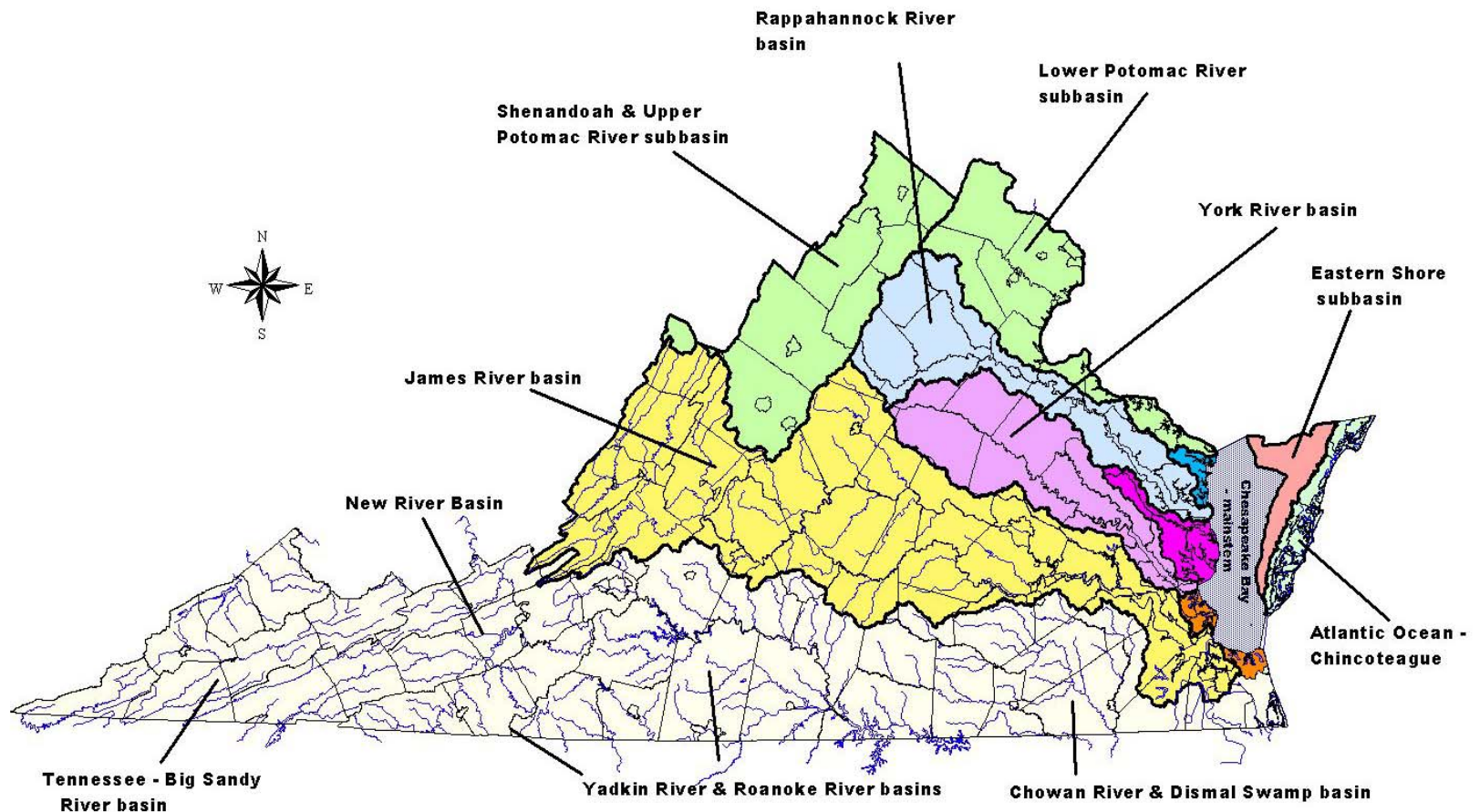
Chesapeake Bay Watershed Nutrient Credit Exchange Program

June 20, 2005



Virginia

Chesapeake Bay Watershed



Chesapeake Bay Watershed

Nutrient Credit Exchange Program

§62.1-44.19:.....

- 12. Legislative findings and purposes
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- 17. Virginia Nutrient Credit Exchange Association authorized
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Legislative Findings and Purposes

General Assembly finds and determines that adoption and utilization of a watershed general permit and market-based point source nutrient credit trading program will assist in:

- (a) meeting the nutrient cap load allocations cost-effectively and as soon as possible in keeping with the 2010 timeline and objectives of the Chesapeake 2000 agreement,**
- (b) accommodating continued growth and economic development in the Chesapeake Bay watershed, and**
- (c) providing a foundation for establishing market-based incentives to help achieve the Chesapeake Bay Program's nonpoint source reduction goals.**

CB Watershed Nutrient Credit Exchange Program Highlights

Watershed general permit for nutrients:

- Issue Watershed General VPDES Permit for point source discharges of TN and TP to the Chesapeake Bay watershed by January 1, 2006 or as soon thereafter as possible.**
- Watershed GP controls in lieu of technology-based, water quality-based and BPJ interim or final effluent limitations in individual VPDES permits where individual permit limits are established to restore or protect the bay or its tidal tributaries.**
- Watershed GP does not supersede more stringent limitations established for the protection of local water quality**

Contents of Watershed General Permit

GP shall contain:

- 1. Waste load allocations for TN and TP expressed as annual mass loads**
- 2. A schedule requiring compliance with the combined waste load allocations for each tributary ASAP taking into consideration multiple factors**
- 3. Compliance plans submitted within 9 months for approval**
- 4. Monitoring and reporting requirements**

Contents of Watershed General Permit

5. Registration requirements

- 100,000 gpd or equivalent load to tidal waters**
- 500,000 gpd or equivalent load to non-tidal waters**
- New or expansions to >40,000 gpd or equivalent load**
- Facilities not required to register that hold an individual VPDES permit are covered. No other obligations prior to securing coverage under Watershed GP**

6. Permit modification procedures

7. Any other conditions necessary to carry out provisions of this chapter and Section 402 of CWA

Point Source Control Requirements Summary

- **Impacts on wastewater dischargers vary by size, location, existing vs. expanding vs. new**
 - **Existing:**
 - **Large:** achieve nutrient allocation
 - **Small:** no requirements
 - **New or expanding**
 - **Large:** state-of-the-art treatment and meet allocation
 - **Small:** BNR and offset new load
- **Proposed point source regulations need to conform with new law**

Point Source Control Requirements Summary

“Non-Significant” Dischargers

Plant Size (MGD) and Location	Existing Plant No Expansion	Existing Plant Expanding to. . .	New Plant
< 0.1 anywhere	<ul style="list-style-type: none"> - No registration - Permit by Rule - Tech. limits based on system installed, only if upgrade w/o expansion - No W.L.A. - No trading 	<ul style="list-style-type: none"> - Expansion to 0.04 or more - Register - Tech. limits based on system installed - No W.L.A. - Offset loads above permit capacity 	<ul style="list-style-type: none"> - 0.04 or more - Register - BNR (TN = 8 mg/l; TP = 1 mg/l) - No W.L.A. - Offset entire load
0.1 to < 0.5 non-tidal tributaries	<ul style="list-style-type: none"> - No registration - Permit by Rule - Tech. limits based on system installed, only if upgrade w/o expansion - No W.L.A. - No trading 	<ul style="list-style-type: none"> - Register - BNR (TN = 8 mg/l; TP = 1 mg/l) - No W.L.A. - Offset loads above permit capacity 	<ul style="list-style-type: none"> - Register - BNR (TN = 8 mg/l; TP = 1 mg/l) - No W.L.A. - Offset entire load

Point Source Control Requirements Summary

“Significant” Dischargers

Plant Size (MGD) and Location	Existing Plant No Expansion	Existing Plant Expanding to. . . .	New Plant
0.1 to < 0.5 tidal tributaries	<ul style="list-style-type: none"> - Register - Tech. limits based on system installed, only if upgrade w/o expansion - W.L.A. - Trading allowed 	<ul style="list-style-type: none"> - Register - State-of-the-art treatment (TN = 3 mg/l; TP = 0.3 mg/l) - W.L.A. - Offset loads above W.L.A. - Trading allowed 	<ul style="list-style-type: none"> - Register - State-of-the-art treatment (TN = 3 mg/l; TP = 0.3 mg/l) - No W.L.A. - Offset entire load
= to or >0.5 anywhere	<ul style="list-style-type: none"> - Register - Tech. limits based on system installed, only if upgrade w/o expansion - W.L.A. - Trading allowed 	<ul style="list-style-type: none"> - Register - State-of-the-art treatment (TN = 3 mg/l; TP = 0.3 mg/l) - W.L.A. - Offset loads above W.L.A. - Trading allowed 	<ul style="list-style-type: none"> - Register - State-of-the-art treatment (TN = 3 mg/l; TP = 0.3 mg/l) - No W.L.A. - Offset entire load

Technology-based Standards and Effluent Limitations

- Technology based standard less stringent than §62.1-44.19.15 if not technically or economically feasible or it would require construction of treatment facilities not otherwise necessary to comply with wasteload allocations without relying on nutrient trading.
- May include annual average concentration limits in the individual VPDES permit based on the technology installed by the facility - whether by new construction, expansion or upgrade. Technology-based limit does not affect nutrient trading.

Trading Provisions

-three opportunities-

- 1. Discharger's compliance plan may include either treatment upgrade and/or exchange of point source credits to achieve waste load allocations**
- 2. New or expanded facilities may acquire needed allocations to offset new loads from:**
 - other permitted facilities**
 - non-point source BMPs**
 - payment into Water Quality Improvement Fund**

Trading Provisions

-three opportunities-

3. Options for compliance with individual waste load allocations:

- Discharge less than waste load allocation**
- Acquire sufficient point source credits**
- If unable to meet waste load allocations by #1 or #2, acquire sufficient waste load allocations by payment into the Water Quality Improvement Fund**

Trading Provisions

- Credits purchased from other facilities must be:
 - generated in the same year,
 - generated in the same tributary,
 - acquired and certified to DEQ by June 1 of the following year.
- Credits purchased from WQIF only after diligently seeking to purchase credits from other facilities.

Purchase of credits from the WQIF

- **Payments promptly applied to achieve equivalent point or nonpoint source reductions beyond those already required.**
- **Cost based on average cost of equivalent point source reduction. Provisions to adjust costs upon reissuance including “...additional incentives reasonably necessary...”.**

Annual Schedule

- Permittees report annual discharge loads for prior year by February 1 along with number of credits to be bought or sold.
- By April 1, DEQ publishes notice of report summarizing loads discharged and credits to be bought or sold by all permittees.
- By June 1, permittee certifies to DEQ that he has acquired credits to satisfy compliance obligation.
- By July 1, DEQ publishes notice of all credit exchanges and purchases for the previous calendar year and make all documents available.